

Why Do I Need Homeowners Insurance

By Kasey McCarthy

Have you been asked to have your home inspected for a new home insurance policy? Don't be alarmed. The primary reason is to make sure your home is insured properly and that the insurance policy's dwelling coverage reflects the cost to rebuild the home in the event of a total loss. When you receive an insurance quote, replacement value calculation software is used by your insurance representative to determine the home's replacement value. The software is very good but every property is unique in some way so the best way to validate the cost to rebuild for the homeowner is to conduct an insurance inspection.

It has become more common in recent years for home insurance companies to conduct insurance inspections within 30 days of the new policy. Previously, insurance companies or the agent may have taken exterior pictures and or measurements of the property. Now many of the inspections take a look at the interior of the residence as well. The home insurance companies hire licensed independent insurance appraisal companies such as Mueller Inspections that specialize in insurance valuations. The home inspection company will contact you and arrange for the inspection. The inspection typically takes 30 minutes. You will need to be home for the inspection and should expect that the inspector will ask to see each room along with the basement and furnace. They will also take pictures of your home from both inside and outside.

There are two primary purposes of a home inspection:

1. To validate the replacement estimate calculated with a combination of public information and information you've provided, and,
2. To identify conditions where a loss might occur: safety items such as a deck with no handrails, or susceptibility to loss, most commonly water.

What will be inspected?

The inspector will generally measure the home as sometimes property tax information is not accurate. They will also ask you questions regarding the age of the roof, furnace, electrical system, and plumbing. If you have a dog, they may also ask questions about his temperament and may even take a picture of the pup if he is photogenic (dogs account for about 30% of liability claims payments).

Along with the roof condition, they will also take a look at the gutters and downspouts to see if they are all connected properly. They will also take note if there is debris in the yard.

If you are buying a house, be honest with your insurance agent if you are moving into the home right after the closing or if you are planning to remodel the home. Both situations can be addressed by our agency but it is always best to take this into consideration while setting up the policy. The insurance company can cancel a policy for misrepresentation if there is major remodeling and/or you have not moved into the property. Honesty is always the best policy.

Other Benefits

Other benefits of a home insurance inspection can be that discounts are identified by the inspector that the customer was not aware. For example, some customers with central fire and burglar alarms do not realize their system also has a low temperature sensor. This is an additional discount with some companies.

When the home inspection is complete, it is sent to the home insurance company. They review and confirm the accurate dwelling coverage and also outline any concerns that need to be addressed and forward to the agent. The agent communicates any changes or concerns to the customer.

Having your home inspected helps to keep the cost of reinsurance down. Reinsurance is the insurance that companies buy to protect the company from large individual losses or many catastrophic losses. You pay towards the reinsurance as part of your premium. Companies that conduct these inspections get discounted rates on reinsurance and this is passed along to the customers.

The home insurance inspection can be a very simple process that provides peace of mind that your home is insured properly and that avoidable losses can be avoided.

If you have any other questions about insurance or would like a free quote for a homeowners policy, simply click the buttons below!